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SUBJECT: FORMER COSTA RICAN PRESIDENT SENTENCED FOR CORRUPTION

11. (U) Former Costa Rican President Rafael Angel Calderon-Fournier was sentenced on October 5 to five years prison on corruption charges. The Second Circuit Court of San Jose found that he had accepted bribes to secure a contract for medical equipment between a Finnish firm and the Costa Rican government in 2004. The court also ordered Calderon to pay restitution of the embezzled funds. Calderon plans to appeal the sentence to the Third Chamber of the Supreme Court. Calderon held the presidency from 1990 to 1994.

12. (U) The Attorney General's Office had charged Calderon with two counts each of bribery and embezzlement involving the Social Security System. Investigators claimed that Calderon devised a scheme to push through the Legislative Assembly a bill to purchase \$39.5 million in medical equipment. In return, the former president and accomplices received approximately \$8.6 million in commissions. In October 2004, former President Calderon was placed in pretrial detention for 5 months and then under house arrest for seven months. He was released in October 2005. The preliminary hearings were held in 2007, and the trial began on November 3, 2008. Calderon pleaded not guilty, saying that the money was payment for consultations, not a bribe. Prosecutors called for a prison sentence of 24 years.

13. (SBU) Despite the charges against him, Calderon was the Social Unity Party's (PUSC) candidate for president in the 2010 elections. Following the verdict, he withdrew from the race. PUSC has until October 23 to name another candidate. Still, some other parties may benefit from disaffected voters who might have supported Calderon. The most likely is the Citizens Action Party, which profiles itself as the ?anticorruption? party; polls show its presidential candidate currently in second place. Alternatively, some political analysts suggest that National Liberation Party candidate Laura Chinchilla or Libertarian Movement candidate Otto Guevara could attract voters who would have voted for Calderon but are not hard-core PUSC supporters.

14. (U) Two former presidents, Miguel Angel Rodriguez (1998-2002) and Jose Maria Figueres Olsen (1994-1998), have been under investigation in other cases of suspected corruption. Rodriguez was arrested and placed in pretrial detention in October 2004, upon his return to Costa Rica after resigning as Secretary General of the Organization of American States. He was later released awaiting a trial which has yet to be scheduled. The arrest stemmed from charges that Rodriguez had received kickbacks from a foreign telecommunications company in exchange for government contracts. In October 2004, a third former President, Figueres Olsen admitted receiving \$900,000 dollars in consulting fees from the same foreign communications company implicated in the kickback scheme involving Rodriguez; however, Figueres denied any wrongdoing. Despite requests from the Legislative Assembly for his return, Figueres has remained abroad. In October 2007, the Attorney General's Office closed the case against Figueres for lack of evidence.

BRENNAN